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SECURITY INFORMATION

25 JAN 1952

Terms of Reference for a Project on the Control Measures
Currently Applied on Trade with Communist China

I. What is the current status of the implementation of controls against Communist China?

A. Present controls

Answer the following for each country which now has controls on exports to Communist China. The degree of detail presented for each country should vary in accordance with the importance of the country to China's import trade.

1. Name of the country (these countries may be grouped according to the general character of their controls).
2. Principal items or categories of commodities controlled. Indicate in what respects the coverage of these lists differs from the coverage of (a) US Security Lists and (b) the International Lists.
3. Criteria used in selecting items for control by those countries most important to Communist China's import trade.
4. Machinery set up to implement controls by those countries most important to Communist China's import trade.
5. Controls other than these which have been applied on exports e.g., financial controls, shipping controls.
6. The extent to which lists of controlled items, as applied to Communist China have been exchanged and coordinated among cooperating nations.

B. Uncontrolled items

1. Which countries have no controls over their exports to Communist China?
2. List the items or groups of items of major importance to (a) Communist China's military capabilities, and (b) Communist China's general economic capabilities for war which are not controlled by important non-Soviet Bloc suppliers of such items. Indicate the principal sources of supply.

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3. What factual evidence is there to indicate why the supplying country is continuing to export these items to Communist China? Has the country been evasive to bids for cooperation on control? Has it rejected proposals for cooperation?

4. If a country is now only a potential source of supply what factual evidence is there to indicate the items it may export to Communist China in the future?

C. Effect of control measures

1. Indicate the total imports received by Communist China during 1951, by country of origin, by commodity and by method of shipment including flag and ownership of vessel. The data on imports originating in the Soviet Bloc should be separated from data on imports of non-Soviet Bloc origin. In this connection certain data on shipping should be presented. These are noted in Section A-1 through 7 of the appendix.

2. What factual evidence is available which would provide an indication of the imports from non-Soviet Bloc countries "lost" to Communist China as a result of present control measures? For example, what were the total Chinese Communist imports of (a) items presently controlled and (b) items presently uncontrolled in 1949 and 1950, by commodity and country of origin? What information is available on the efforts of Communist China over the past year to acquire controlled items in non-Soviet Bloc countries?

II. What are the causes of less than 100 percent implementation?

A. What are the causes of any serious leaks in the implementation of the UN embargo on strategic materials?*

B. Transshipment

1. To what extent are controlled items being transshipped through third countries to Communist China? What are the principal items moving through these channels? What quantities are involved?

2. What are the countries of origin? What measures are being taken by the originating country to prevent transshipment of their exports?

3. What third countries or ports are the main points of transshipment?

4. The shipping data required for this part of the paper are listed in Section A-4 of the appendix.

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C. Smuggling

1. To what extent are controlled items being smuggled into Communist China? What are the principle items smuggled? What quantities are involved? What principal modes of transportation and routes are employed?

2. What are the principal countries of origin?

3. The shipping data required on smuggling are listed in Section A-5 of the appendix.

III. What would be the effect on the trade pattern of various measures that might be taken to increase the efficiency of controls?

A. Stricter enforcement of controls

1. List measures to reduce transshipment.

2. What factual evidence is there to indicate the probable success of measures designed to reduce transshipments? What items could probably be cut off from Communist China by such measures?

3. List measures to reduce smuggling. What factual evidence is there to indicate the probable success of measures designed to reduce smuggling? What items could probably be cut off from Communist China by such measures?

B. Increase in the number of cooperating countries

1. What additional strategic items could be controlled if certain non-cooperating countries, important to Communist China's import trade, would cooperate? What quantities are involved?

2. On the basis of factual evidence which of these countries might cooperate?

C. Increases in the number of items controlled

1. The control of which additional major items would reduce imports of the strategic importance to Communist China?

2. Which countries would have to cooperate in controlling these additional items?

3. On the basis of factual evidence which of the countries might cooperate?

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D. Imposition of Financial Control

1. Indicate, insofar as possible the amount or general magnitude of Chinese Communist financial assets which might be controlled by non-Soviet Bloc nations. On the basis of factual evidence which of these non-Soviet Bloc nations might cooperate in imposing financial controls?

2. What were Chinese Communist foreign exchange earnings in 1951, by country? On the basis of factual evidence which of these countries might cooperate in imposing financial controls on these earnings - e.g., import controls? How might controls on non-Soviet Bloc shipping reduce Chinese Communist exports? The shipping data required to answer this question are listed in Section B of the appendix.

E. Shipping Controls

1. What was the volume of merchant shipping involved in Communist Chinese seaborne trade during 1951? What was the volume of Soviet Bloc shipping? What was the volume of non-Soviet Bloc registered shipping so involved by country? On the basis of factual evidence what controls might be employed on non-Soviet Bloc shipping and which countries might be expected to cooperate?

2. The shipping data required to answer these questions are listed in Section C of the appendix.

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